

STATEMENT OF
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BEFORE THE
SUBCOMMITTEE ON BENEFITS
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
JUNE 5, 1997

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to appear before the Subcommittee to discuss the implementation of the Government Performance and Results Act (GPRA) for the Department of Veterans Affairs Educational Assistance program and the Vocational Rehabilitation and Counseling program. Earlier this year, both the Education Service and the Vocational Rehabilitation Service briefed staff members of the Subcommittee on our implementation plan for GPRA. It is a pleasure to be here today to share with the members of the Subcommittee the substantive details of both the 1998 business plans. First, let me discuss the Educational Assistance program.

GPRA (Education Service)

We have developed our Fiscal Year 1998 Business Plan as part of, and in support of, the overall Business Plan for the Veterans Benefits Administration. To assure that we tap the knowledge and experience of the group actually working veterans' claims, directors from the four education processing offices (St. Louis, Atlanta, Buffalo and Muskogee) were included in developing the business plan and setting the strategic direction of the Educational Assistance program. We meet regularly with these directors to review our goals, objectives, operating plans, and to share feedback on performance. This ongoing dialogue assures a full understanding of our strategies and eventual outcomes.

Goal #1: Identify the level of satisfaction our customers have with the service and benefits we provide and begin setting improvement targets by 1998

We have identified three performance objectives and corresponding indicators to measure levels of service. The *Montgomery GI Bill Usage Rate* will be used to determine the extent to which veterans are furthering their education under this program. Currently the usage rate is 37 percent and we expect it to increase to 42 percent in 1998. We are working with those interested in veterans' issues such as the Department of Defense (DOD) and the academic community to determine methods of providing additional information to servicemembers about the GI Bill and to encourage them to plan their educational goals as they prepare to leave the military. Servicemembers have taken a pay reduction to enroll in the program; to better enable them to readjust to civilian life and enhance the Nation's workforce, we would like to see much greater utilization of the program. In fact, due to the efforts mentioned above, we expect the usage rate to increase to 75 percent by 2002.

Another performance objective, the *Customer Service Index*, will provide a measure of how our customers judge our service in relation to the Education Customer Service Standards as shown in the Fiscal Year 1998 Business Plan. Customer satisfaction will be measured by a survey questionnaire. The questionnaire will be tested in June and a full survey of veteran students is scheduled to be released at the beginning of Fiscal Year 1998.

The third performance objective, the *Blocked Call Rate*, measures the success veterans have in reaching us by telephone. We have been most interested in providing better access to VA for our veteran-students and school officials. This has become more critical as we consolidated education claims processing to four regional offices. In January, we installed toll-free telephone service in our St. Louis office as a pilot for the states of Missouri and Illinois. Interactive voice response is a part of this service to enable MGIB students to receive updated information on the status of their checks. We hope to expand this service to our St. Louis beneficiaries and to the other education offices during FY 1998.

Mr. Chairman, while I am discussing customer satisfaction and customer service, I would like to mention our activities in cyberspace. Our internet site on the Web is alive and well. We have expanded our service by providing veterans, school officials and other users with the ability to contact our education processing offices concerning specific claims. Through this medium we are also able to announce the latest developments in our programs and policies to school certifying officials, veterans organizations and veteran students.

Goal #2: Improve payment and service accuracy, and claims processing timeliness

Payment accuracy addresses the number of veterans' claims reviewed with correct payments under our quality assurance program. Thus far this year, payment accuracy for veterans' and dependents' benefits has averaged 93.2 percent. Our goal for 1997/1998 is 94 percent. We intend to improve our payment accuracy by at least two percent by the year 2000.

Service Accuracy refers to the percent of claims with appropriate development and notification to the claimant. Our goal for 1997/1998 is an accuracy rate of 82.5 percent. So far this year, the Service Accuracy rate is 89 percent. We are pleased with this improvement; we will build upon it, and modify the goals for 1998 and 1999.

Average Days to Complete is an internal performance indicator which refers to the elapsed time it takes to complete education claims. A more appropriate measure of timeliness would capture the elapsed time between the date the veteran enters into training and the date he or she receives payment. Until we are able to capture the total elapsed time, we are monitoring average days to complete.

The goal for Fiscal Year 1997 is 20 days. We are especially pleased that our four educational processing offices have been able to adjudicate education cases, on average, in just under 13 days this year. This is the result of several factors:

- Education consolidation: the transfer of all education work to four offices was completed last year and we are now seeing the full efforts of consolidation
- Equalization of the workload at each of the four education processing offices
- The dedication of our employees in the field

We are very pleased with the timeliness results thus far in Fiscal Year 1997. However, as staffing is reduced to meet Fiscal Year 1998 ceilings and the traditional increase in enrollments begins late in the summer, we are concerned that we will be unable to continue to maintain these timeliness gains.

Goal #3: Implement an Enhanced Training Program and Adopt the VBA Employee Survey by 1998

We are most interested in providing our employees with the necessary tools to do their jobs. To this end, we are designing training programs for our veterans claims examiners. The training is aimed at our new employees hired by the education processing offices. Future training modules will include refresher and skills enhancement issues for all employees. In addition, we will analyze the results of the VBA employee survey to assist us in assuring our employees serve veterans better.

Goal #4: Develop a Management Tool to Identify the Cost of Administering the Educational Assistance Programs by 1998

There are two performance indicators that will allow Education program managers to view the cost of administering a nationwide program and enable those managers to make informed decisions in the allocation of scarce resources. One measure is the *Administrative Cost per Trainee*. The other is the *Cost per Benefit Dollar*, which will tie our administrative costs to the amount of money we deliver in the way of readjustment benefits. We will identify the direct operating costs as well as all indirect support costs used in administering the Educational Assistance Program.

This Activity Based Costing (ABC) initiative has been identified as the vehicle which will enable us to isolate the actual unit costs of our education operations as required by the Government Performance and Results Act. A successful model was implemented in St. Louis and has now been exported to the Atlanta office. It will eventually be exported to our other education processing offices and will carry us into the next Fiscal Year. We believe the end result of Activity Based Costing will be a much more efficient use of taxpayer dollars in the operation of our programs.

Business Process Reengineering (BPR)

As part of Strategic Planning, Education Service is using Business Process Reengineering (BPR) as a tool for the systematic analysis and redesign of our processes, with an eye to achieving significant performance gains. Currently, a guidance team exists to give the BPR project direction. It is composed of the Directors of the education processing offices, as well as VBA's Chief Financial Officer, Chief Information Officer, the Director for Accession Policy in the Department of Defense, a representative of the National Association of State Approving Agencies, and the Director of the Education Service. These officials oversee the work of the project team which has been formed to analyze and review all aspects of the education program to date. Membership includes employees from the education processing offices and VA Central

Office, a veteran student, representatives from the educational community, the National Association of State Approving Agencies and the Department of Defense, including the Defense Manpower Data Center in Monterey. To date, the project team has conducted more than 50 interviews with veteran students, stakeholders, and other interested parties within the government and the private sector as they begin to analyze the program.

Ultimately, utilization of the Montgomery GI Bill enhances the economic capacity of eligible veterans and strengthens our Nation's workforce. We have begun substantive discussions, both within the Department and with our stakeholders, on the intended outcomes of the Educational Assistance Program. The BPR project team identified attainment, either educational or vocational, as a possible desired outcome. There is still much work to do on this issue and we will work with our stakeholders in developing meaningful outcome measures.

GPRA (Vocational Rehabilitation and Counseling Service)

I would now like to discuss the efforts of the Vocational Rehabilitation & Counseling (VR&C) program to improve the services we provide to disabled veterans.

In our Fiscal Year 1998 Business Plan, we respond to customers' and oversight groups' concerns. They had told us that they want efficient and timely services. The implementation of the goals we outlined in our Fiscal Year 1998 Business Plan and our ongoing BPR activities will make the more efficient and effective delivery of benefits under our program a reality.

The VR&C Business Plan, which supports the Business Plan developed for the Veterans Benefits Administration, was developed with the assistance of the VR&C Advisory Committee. It also is congruent with our BPR efforts, and will serve as a template from which we may continue to refine our initiatives and activities through Fiscal Year 1999 and beyond.

GOAL #1: Identify the level of satisfaction our customers have with the services we provide and begin setting improvement targets by 1998.

To assess progress in realizing this goal, we have developed three performance objectives and indicators. The first indicator, the *Evaluation Completion Rate*, measures the proportion of veterans who pursue their claim for vocational rehabilitation services and complete a vocational

evaluation. The current completion rate is 71 percent. Many of those who do not complete an evaluation do not have a clear understanding about what participation in the vocational rehabilitation program requires. Our goal is to have as many veterans as possible complete an evaluation and get a decision on their claims.

Toward this end we are reviewing all program publications to ensure that these materials effectively explain the purpose and requirements of the vocational rehabilitation program. Improved understanding of our program will help reduce the number of spurious claims filed by veterans.

The second indicator, the *Evaluation Timeliness Rate*, measures the time the veteran and counselor take to complete a vocational evaluation and determine whether a veteran is eligible for vocational rehabilitation services leading to employment. Improving this indicator will meet customers' concerns with getting a timely decision on their claims for vocational rehabilitation benefits. Part of the evaluation process, the determination of basic entitlement, is performed in the Adjudication Division. We are studying the feasibility of transferring this function to the VR&C Division to eliminate an unnecessary hand-off and potentially improve the timeliness of the process.

Last, we will increase customer satisfaction as reflected in scores on the third indicator, the *Customer Service Index*, which measures how our customers assess the quality of the services being provided to them. Information for this index will be provided through the use of a customer satisfaction survey, which is presently under development. We anticipate beginning to assess how satisfied our customers are with the services we provide during 1998. We expect that improving the published materials which describe our program requirements will result in customers making more informed decisions about program participation. Improved staff development will also contribute to advancing staff knowledge of the most up-to-date rehabilitation practices and improving service delivery.

GOAL #2: Increase the relative number of Vocational Rehabilitation Program participants who successfully complete their programs.

We have developed three performance objectives and indicators to measure how effective VR&C staff are in assisting vocational rehabilitation program participants in reaching specific vocational objectives. The desired outcome is to assist every veteran determined eligible for services to acquire appropriate skills and obtain competitive employment.

Planning effectiveness refers to VR&C staff success in motivating and assisting an eligible veteran to complete a plan of vocational rehabilitation services and begin a rehabilitation program. The first indicator, the *Planning Effectiveness Rate*, is the ratio of eligible veterans to those who develop a plan of rehabilitation services that will lead to employment. We have established and are implementing a new staff position, the Vocational Rehabilitation Counselor, at the field level. These counselors will provide veterans with seamless services throughout their vocational rehabilitation programs, and eliminate the processing hand-offs that previously existed.

Employability effectiveness refers to VR&C staff's success in assisting an eligible veteran to maximize participation in their vocational rehabilitation program and acquire all the skills needed for employment. The second performance indicator is the *Employability Effectiveness Rate*, the ratio of the number of veterans who begin a vocational rehabilitation program compared to veterans who remain in the program and acquire the skills to get a good job. These data are currently not available, but will be captured through use of WINRS, a new management information system. Implementation of the Vocational Rehabilitation Counselor position as well as streamlining VR&C procedures through BPR will have a positive impact upon this indicator.

The third indicator, the *Rehabilitation Effectiveness Rate*, compares the number of vocational rehabilitation program participants who become employable, that is acquire skills to get a good job, to the number who obtain and maintain suitable employment, and are thus rehabilitated. Our goal is to continue to place proportionately more veterans completing a program of services into competitive jobs.

One key strategy for achieving this goal is our ongoing partnering relationship with the Department of Labor, as outlined in a recently revised Memorandum of Understanding. The Memorandum of Understanding delineates the mutual responsibilities and concerns of each department and their commitment to active cooperation and coordination of employment services for vocational rehabilitation program participants. We have also established a joint task force whose goal is to improve and refine this cooperative working relationship. This group is composed of field and headquarters staff from each department, and has completed a preliminary analysis of our respective systems. A Technical Assistance Guide will be completed in the near future.

GOAL #3: Ensure all employees have the skills needed for their positions in order to maintain a highly skilled, motivated and adaptable workforce.

To provide the best possible services to veterans, an empowered, well-trained workforce is needed. The new Vocational Rehabilitation Counselor position, with qualification standards that are consistent with the rehabilitation profession, will help realize this goal. In addition, VR&C will be developing staff capabilities, as reflected in the *Competency Scores*, which will measure the extent to which VR&C staff members have comprehensive knowledge of rehabilitation practices, and VR&C programs and operating procedures. Through analysis of these scores we will develop training programs to correct knowledge deficiencies and improve service delivery.

GOAL #4: Develop a management tool to identify the cost of delivering vocational rehabilitation benefits by 1998.

Consistent with overall Veterans Benefits Administration efforts to acquire appropriate cost information, improve management decisions, and function in an environment of scarce resources, VR&C has developed two performance indicators.

First, we will reduce *Administrative Costs per Trainee*. This indicator is expressed as VR&C's administrative direct operating costs and indirect support costs divided by the number of program participants for the fiscal year.

The second performance indicator is the *Cost per Benefit Dollar*, the direct operating costs as well as all indirect support costs to administer the Vocational Rehabilitation Program divided by the total benefit dollar expenditure for the fiscal year, indexed to base fiscal year 1997 for cost-of-living increases. The goal is to reduce administrative costs as much as possible without compromising the quality of services. The data for both indicators will be gathered from a variety of sources, and analyzed to identify potential cost savings.

One strategy for achieving this goal is to use Activity Based Costing to specifically identify the costs outlined in these two performance indicators. We recently completed the initial work to integrate VR&C into the ABC initiative in St. Louis, and look forward to the results of this project.

The training of VR&C staff on revised business processes is another component of the success of this goal. A variety of media is being considered for this purpose, including distance learning, training the trainer, and interactive computer assisted instruction. Development and implementation of this initiative will continue through FY 98.

As part of VR&C's Strategic Planning Initiative, we are continuing Business Process Reengineering to streamline operations and are currently developing a business case. The Business Process Reengineering effort builds on the work of the VR&C Design Team, the more than 200 operating procedural changes recommended by field staff implemented within the past year, and the suggestions of stakeholders.

We are confident that the successful implementation of the goals we have presented, and the strategies outlined to achieve those goals will enable us to effectively address program concerns. We will also be more capable of responding to ongoing demands for results oriented program performance.

Mr. Chairman, this concludes my testimony. In the spirit of continual consultation, we would appreciate the Subcommittee's comments and suggestions on our implementation of the Government Performance and Results Act as we strive to improve our service to veterans. We would be pleased to answer any questions you or members of the Subcommittee may have.